

Message Text

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ACTION EUR-12

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FM AMCONSUL TORONTO
TO SECSTATE WASHDC 7371
INFO AMEMBASSY OTTAWA
AMCONSUL CALGARY
AMCONSUL WINNIPEG

UNCLAS TORONTO 1090

E.O. 11652: N/A

TAGS: ENRG, EINV, SOPN, CA

SUBJ: TORONTO STAR CALLS FOR OCCIDENTAL BID FOR HUSKY OIL
TO BE BLOCKED BY GOVERNMENT

1. IN ITS LEAD EDITORIAL JUNE 15, THE NATIONALIST TORONTO STAR, UNDER THE HEADLINE "OTTAWA FACES CRUCIAL TESTS ON HUSKY", CALLED FOR THE BLOCKING OF THE SALE OF HUSKY OIL LIMITED OF CALGARY TO OCCIDENTAL PETROLEUM CORPORATION OF LOS ANGELES. "IF THE FOREIGN INVESTMENT REVIEW ACT MEANS ANYTHING, THE REVIEW AGENCY MUST BLOCK THE SALE. IF THE TRUDEAU GOVERNMENT, ON THE OTHER HAND, PERMITS THE SALE WE MAY AS WELL FORGET ABOUT POLICIES TO PROMOTE THE OWNERSHIP AND DEVELOPMENT OF RESOURCES BY CANADIANS."

2. THE EDITORIAL RECALLED THE 1970 FUROR OVER THE ATTEMPTED PURCHASE OF DENISON MINES LIMITED BY A FOREIGN FIRM AND THE SUBSEQUENT PROMISE OF NEW RULES COVERING OWNERSHIPS OF CANADIAN URANIUM MINES. "BUT LIKE SO MUCH OF THE TRUDEAU GOVERNMENT'S TALK ON FOREIGN OWNERSHIP, NOTHING HAS HAPPENED SINCE THEN."

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3. THE STAR WARNED THAT IN THE CASE OF HUSKY, TRUDEAU AND HIS CABINET "CANNOT BE SO CASUAL. CANADA'S OIL INDUSTRY IS HEAVILY FOREIGN-CONTROLLED AND A BID BY OCCIDENTAL SHOULD NOT BE ALLOWED TO ELIMINATE THE CHANCE FOR PETRO-CANADA, OUR NATIONAL OIL COMPANY, TO BUY BACK HUSKY WHICH IS 65 PER CENT U.S.-OWNED." THE

STAR WROTE THAT PETRO-CANADA NEEDS HUSKY FOR ITS VAST HOLDINGS OF HEAVY OIL ACREAGE ALONG THE ALBERTA-SASKATCHEWAN BORDER.

4. THE STAR CONTINUED THAT WHILE THE GOVERNMENT WANTS A HEAVY OIL PLANT TO BE BUILT NEAR LLOYDMINSTER, SASKATCHEWAN, AND PETRO-CANADA HAS SAID IT WOULD BUILD THIS MAJOR PLANT, "THERE'S A DANGER NOW, THOUGH, THAT OTTAWA OFFICIALS AND POLITICIANS WILL USE THE EXCUSE THAT PETRO-CANADA'S BID FOR HUSKY IS NO LONGER IMPORTANT BECAUSE OCCIDENTAL SAYS IT WOULD BUILD THE HEAVY OIL PLANT AND INVITE PETRO-CANADA TO PARTICIPATE AS A PARTNER." THE STAR HELD THIS TO BE "A RIDICULOUS PROPOSAL" AND THAT "OTTAWA AND PETRO-CANADA SHOULD HAVE NO PART OF IT. INSTEAD THE PUSH SHOULD BE FOR CANADIAN CONTROL." THE STAR NOTED THAT ENERGY MINISTER GILLESPIE AND TRADE MINISTER HORNER APPEAR TO BE AVOIDING THE ISSUE. "IF THE TRUDEAU GOVERNMENT APPROVES THE TAKEOVER OF HUSKY BY OCCIDENTAL, CANADIANS MAY AS WELL FORGET ABOUT THE FOREIGN INVESTMENT REVIEW ACT AND ABOUT POLICIES TO STRENGTHEN CANADIAN OWNERSHIP. THAT'S WHY THIS IS A TEST CASE FOR THE REVIEW AGENCY AND A TEST CASE FOR THE GOVERNMENT. THEY CAN'T DUCK THIS ONE."

5. COMMENT - THE EDITORIAL IN THE TORONTO STAR IS STRAIGHT BLIND, TORONTO STAR ECONOMIC NATIONALISM WITH UNCLASSIFIED

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THE ADDED FRENZY INJECTED BY THE INVOLVEMENT OF ENERGY AND AMERICAN OIL COMPANIES.
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